

## LNF & IHCIF Calculations Illustration

### - PUGET SOUND in Portland area -

#### Given Data

- 10,421 = 1998 user count
- \$2,980 = National average cost per person (not including wrap-around costs)
- 36% = % Expenditures on purchased services, 64% = % expenditures in-house
- 121.1% = Cost index for purchasing health care in this geographic area
- 102.1% = Size cost index for in-house costs due to small or large size
- 96.9% = Portland area cost index for health status above or below average

#### Cost Adjustment Calculations

- \$1,300 per person for purchased services =  $36\% * 121.1\% * \$2,980$
- \$1,947 per person for in-house services =  $64\% * 102.1\% * \$2,980$
- \$3,246 per person total = \$1,300 (purchase) + \$1,947 (in-house)
- **\$3,147 per person total** adjusted for health status =  $\$3,246 * 96.9\%$
- **\$2,402 per person net cost** =  $\$3,147 - \$745$  Other resources (M&M&PI)

#### Existing Expenditures (for 10,421 users excluding wrap-around and collections)

- \$1,272 per person = local IHS allowance (excludes \$ for wrap-around)
- \$152 per person = expenditures elsewhere in Portland area on behalf of area users
- \$54 per person = expenditures elsewhere in IHS on behalf of IHS users
- **\$1,478 per person for OU users** =  $\$1,272 + \$152 + \$54$

#### LNF Calculation

- **47.0% Gross LNF** =  $\$1,478$  (expenditures) /  $\$3,147$  total cost (ignoring Medicare, Medicaid, PI spending on behalf of OU users)
- **61.5% Net LNF** =  $\$1,478 / \$2,402$  net cost ( $\$3,147 - \$745$  other)

#### IHCIF Allocation

- \$0 = \$ to raise LNF% from 61.5% to 60%
- \$258,040,100 = aggregate \$ to raise all locations to 60%
- 3.488% IHCIF fraction =  $\$9,000,000$  fund /  $\$258,040,100$  needed
- **\$0 Allocation** = \$0 needed for 60% \* 3.488% IHCIF fraction

#### PUGET SOUND Unmet Needs

- **\$25,027,673 Net Total Need** = 10,421 users \* \$2,402 net cost
- **\$9,626,705 Net Unmet Need** =  $(100\% - 61.5\% \text{ LNF}) * 10,421 \text{ users} * \$2,402 \text{ net cost}$